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Submitted by
Paul Rose

November 6, 2016
Representative Andrea LaFontaine
Anderson House Office Bldg.
N-796 House Office Building
Lansing, MI 48933 (sent via email)

Dear Representative LaFontaine,

Although we have previously met at several hunter/angler associated events, I am writing you today to provide a professional perspective on pending legislation and voice my opposition to Senate Bills 39 & 40. In addition to being an avid hunter, angler and resident of northern Michigan, professionally, I am a State Certified General Appraiser whose practice is nearly equally divided between the valuation of commercial/industrial real estate and the appraisal of northern Michigan forestry/recreational lands. Over the past three decades, I have completed hundreds of appraisal assignments associated with the sale, exchange or purchase of lands involving the State of Michigan. I would like to emphasize that in nearly all instances these assignments were competitively bid, and I have no conflict of interest as a result of this work nor have I been encouraged to make these remarks by anyone within the Michigan Department of Natural Resources.

Although I personally oppose many other elements of this proposed legislation, I am writing with specific reference to those provisions which limit the ability of the DNR to reject flawed real estate appraisals, as well as requirements that the Department respond to purchase applications within an unreasonable time-frame, and do so for application fees which are well below the cost of field review and administration. As you likely know, nearly all cases involving a proposed land transaction -- whether it be purchase, sale or exchange -- require a comprehensive review by the area forester, fisheries and wildlife biologist, in addition to general administrative review. Further, this legislation would add the requirement that the DNR consider land purchase applications for parcels which have not been previously designated as "surplus." Its provisions also specify that priority consideration be given to land purchase applications involving adjacent land owners. This increased emphasis on public land disposal and away from strategic land planning has the potential to result in a significant unfunded diversion of time and resources of the DNR field staff away from their mission.

The ability of the DNR to conduct a proper review of a land purchase or exchange application, as well as the accompanying real estate appraisal, is implicit in the doctrine of public trust. They also need to retain the ability to reject an appraisal report even if it was prepared by an individual appearing on the State's approved list - a right which would be surrendered if this legislation is passed.

As much as I would like to say that my professional work has been above question during these past 30 years, there have been occasions when my methodology and conclusions have been challenged by DNR real estate appraisal reviewers. There have also been occasions when the results of reports prepared by other appraisal firms have been selected by DNR reviewers over mine. The reality is that this is not an exact science and opinions vary. Additionally, not all who may be included in the DNR's list of approved appraisers are qualified to complete all assignments. The DNR's ability to conduct a comprehensive appraisal review and ask the appropriate questions will be compromised if this is required to be done within a further

accelerated time-line. Since the majority of my professional practice involves bank assignments involving commercial real estate, I can tell you first hand that no commercial lender would agree to protocol which is similar to that which is contained in this legislation.

An additional unintended consequence of this legislation is that if the DNR can no longer challenge or reject appraisal reports, it may become necessary for the DNR to increase its qualification standards before adding or keeping appraisers on their approved list. Such an outcome may further complicate issues associated with the accelerated review and approval time-line mandated by this legislation and unnecessarily punish previously-approved land exchange applicants.

Objecting to these provisions does not, however, mean that I oppose the idea of making our public lands a more effective contributor to the State's economy. I feel that much has been done in recent years to advance this goal. The vision articulated in the 2013 Public Land Management Strategy has already resulted in innovative approaches to finding the highest and best use for our State-managed lands. The 2015 sale of nearly 2,000 acres of eastern upper peninsula land as a part of the Graymont transaction and the Memorandum of Understanding with Grayling Township which provides for the incremental release of State lands for industrial use as demand emerges serve as prime examples of how such alternatives can be considered while preserving the State's ability to manage these resources within the model which currently exists. There is nothing *strategic* about having a wave of Michigan landowners unilaterally deciding through an accelerated purchase application process what public lands should be considered as "excess."

For those who serve on this committee I would ask you to judge this proposed legislation using one simple question. Do the provisions contained in this bill add or detract from the ability of the Michigan Department of Natural Resources field staff to meet the commitments which were made at the time of consideration for 2013 license fee restructuring package? Clearly, when one considers the additional staff and resource requirements contained in this bill, the answer would seem obvious. Demands which, in addition to the accelerated approval for land transactions, requires the State land managers to respond to what could be a mind-boggling number of requests for trail openings, berm removal and the trail planning demands associated with future timber sales. The prospect of turning our natural resources professionals into de facto real estate agents should be deeply troubling to each of you who demonstrated the leadership to support the 2013 license fee restructuring package. If SB 39/40 were to be signed into law, our foresters, fisheries and wildlife biologists will be required to commit additional time in an effort to satisfy the terms of legislation which appears to be a solution to a problem which does not currently exist.

For these reasons and others, I would urge you to not support this legislation. Schedule permitting, I would welcome the opportunity to share these comments personally with the other members of the House Natural Resources Committee.

Respectfully Submitted,

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